## MR. AND MISS GOULD PRESENT THEIR SIDE OF LIGHT PLANT QUESTION

A City Lighting Plant Means Increased Debt, Increased Taxes and Would Discourage Investors, Argues Mr. Henry W. Anderson, Before Joint Committee on Finance and Electricity.

## THE CASE IS VERY ABLY PRESENTED

Mr. Anderson Supplements His Argument With a Recital of Experiences of Various Cities Here and Abroad to Show That People Are Not Benefited by Municipal Ownership-Receivers of the Passenger and Power Com-, pany Represented.

Mr. Henry W. Anderson, of the law firm of Munford, Hunton, Williams and Anderson, last night presented before the committee of the Council on Finance and Electricity, sitting jointly, the side of Mr. Frank Jay Gould and Miss Gould in the fight over the proposition for the city to establish and operate an electric light plant, Mr. Anderson's speech presents the entire subject, from the standpoint of his clients, very clearly and foreibly and will be read with interest. It follows:

Mr. Chairman and Gentlemen of the Com Mr. Chairman and Gentlemen of the Com-mittees on Finance and Electricity: I desire to express, on behalf of my cli-ents, Mr. and Miss Gould, their apprecia-tion of the courtesy of the committee in so promptly extending to them the privi-lege of a hearing upon the question of the establishment of a municipal light plant for the city of Richmond.

The position of my clients with respect to this proposition is by no means free

The position of my clients with respect to this proposition is by no means free from difficulty and embarrusament. The properties at present engaged in supplying electric light and current to Richmond and the community are, as you know, in the hands of receivers of the United States Court, and Mr. and Miss Gould are interested in these properties only as holders of their securities. Since the companies themselves were not, therefore, in a position to take part in the discussion, my clients felt that they would perhaps be justified in asking personally of the committees the privilege of being heard upon a proposition which so materially affects their investments in this community.

We are all working for the accomplishment of the same purpose, namely, the advancement of the industrial and material interests of Richmond, and in the

advancement of the industrial and material interests of Richmond, and in the success of that undertaking my clients have a large interest, in that they are investors in the community to an amount of more than five millions of dollars, and thus participate in its burdens and contribute to its resources by taxes and otherwise. In what I shall say, therefore, I shall attempt to avoid criticism of the views of others with whom I may honestly differ, and shall confine myself to an effort to throw as much light as possible upon the difficult question which steeper in the committees are called upon to consider. I trust that I may reader ommittees are called upon to con-I trust that I may render some assistance in reaching a conclusion which will in the end prove most beneficial to

will in the end prove most benencial to the city and to all the people of the community.

I may be permitted to suggest that the ownership and operation of electric light plants and the conduct of similar industries is not within the original scope and tries is not within the original scope and purpose of municipal corporations. A municipal covernment is only a part of the State government. Its purpose is to govern, and not to conduct private busices. While, as a result of local conditions in congested communities, which make municipal corporations necessary, these corporations are called upon to deal with questions which do not arise in the State at large, yet the primary purpose of their organization is to govern, rather than to trade—to see that every indirections is protected in right and property and has an equal opportunity to reap the account of the control of the composition of the compositi of government, the principle may be taken to be true that the best interests of the people is subserved by "giving to the government the minimum of power, and to the people the maximum of liberty consistent with the good order and preservation of society." This liberty means not only civil liberty and the enjoyment of civil rights, but liberty of person and liberty of property; liberty to engage in all forms of industry, free from unnecessary governmental interference, in order that private and individual enterprise may be encouraged and the interests of the whole expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be no expected that if such plants were profitable to the people there would be not the people there would be not the people there would be not the case. According to the same address of Lord Avebury, it approaches the profitable to the people them would be not the case. According to the same address of Lord Avebury, it appears tha erty of property; liberty to engage in all forms of industry, free from unnecessary governmental interference, in order that private and individual enterprise may be encouraged and the interests of the whole community thus advanced. This is especially true of governments in the American States, as distinguished from the paternal institutions of Europe.

I conceive that there can be no difference of opinion as to the proposition that a departure from these primary purposes which alone justify the existence and the burdens of taxation which municipal gov-

departure is essential for the protection of the interests and the welfare of the people of the community. Unless we adopt the principles of socialism, it can hardly be contended that it is the province of government, either State or municipal, to undertake the manufacture or supply of the ordinary subjects of trade and commerce, or to impose burdens upon the whole community for the supposed benefit of a few.

The ownership and operation of mutative the supposed of the country and the mainterests of the country and the mainterests of the country and the mainterests of the country and the mainterests. departure is essential for the protection of the interests and the welfare of the

The ownership and operation of municipal light plants stands upon a different basis from that of the ownership of water works, with which it is so often compared. Water is a necessity to the health and life of every individual member of a community, as well as for fire protection and the conduct of municipal affairs. It must be supplied in order to preserve the public health, whether it can be done profitably or not, and must be furnished, not to a few individuals, but to every individual. Electric lights are different. Electricity is not in any some a necessity, and under no conditions is it universally used by the people of a community. It is but a luxury enjoyed by a small proportion of the members of any municipality, and yet if the plant be owned and operated by the city, the burden of such ownership and operation must den of such ownership and operatio borne by all the people through taxa

tion.

The electric lighting business is as yet only in its experimental stage. Many private corporations formed for the purpose have met with financial disaster. It is a pusiness which, from its first to its last pression in England to the action of

stages, requires the highest degree of technical skill. The operation of such plants by municipal corporations has only been undertaken within the very recent past, and it is difficult, if not impossible a obtain the actual results in all cases, to obtain the actual results in all cases, yet a careful study of the experiences of cittes which have made the experience of a question of this character. If it should appear from such an investigation that the operation of such plants is of doubtful advantage to the communities in which they are established; or if experience has demonstrated that private enteries can conduct the business at a lower prise can conduct the business at a lower cost to the consumers, then it would seem

cost to the consumers, then it would seem clear that a city would not be justified in risking its capital or in taxing its people to enter into an enterprise of doubtful profit or of actual disadvantage to its citizens—even conceding that it is within the legitimate scope of municipal action. Municipal Ownership in Great

Britain.

Britain.

Municipal ownership and operation of lighting plants seems to have had its origin in Great Britain about the year 1875, and there it has been developed to a greater extent than elsewhere.

In an address by Mr. Sydney Morse before the Battersea Municipal Alliance, in January, 1905, on the subject of "Municipal Trading," it is said:

"But one of the first things entered upon by the supporters of municipal trading was the generation and supplying of electric light. Now, electric light is not a necessity for every member of the community. It is not the business of any one to see that I use electricity, or gas, or oll in my house, or even that I use any form of artificial light at all. And yet this continues to be one of the favored tradings of local authorities, and has now grown to such an extent that in the United Kingdom, up to March, 1904, nearly 27,000,000 pounds (approximately \$135,000,000), has been invested by public bodies in the generation of electricity."

Sias,000,000), and been invested by puone bodies in the generation of electricity."

In view of this large investment, and the more extended experience of English municipalities, an examination of the results will prove instructive.

1. RESULTS UPON MUNICIPAL IN-

DEBTEDNESS.

In an address of the president of the London Institute of Bankers, recently delivered, it is said that the loans of various municipalities in Great Britain have 600,500 to \$1,717,082,910, or 270 per cent., and that local taxes have increased three-

With such an enormous increase of in-debtedness and expenditures for the acdiction is proceeded in right and property and has an equal opportunity to reap the rewards of industry and effort. Indeed, in municipal affairs, as in all other forms of government, the principle may be taken to be true that the best interests of the expected that if such plants were because subserved by "inlying to the gar."

increased from 1891 to 1993 more than 100 per cent. This enormous increase has been due not only to the fact that the municipal enterprises have not proven profitable, in the breader sense, and have increased the burdens of the people rather than diminished them, but to the further fact that as the municipal or local government takes control of private enterprise so much taxable value is withdrawn from taxatlon, with a proportionburdens of taxation which municipal governments impose can only be justified arwin from taxation, with a proportion where it can be clearly shown that such maining individual properties and en

terests of the country and the mainte-nance of its commercial supremacy. The Hon. Charles M. Lawrence, in an

address delivered before the Industrial Freedom League of Great Britain, in

Preedom League of Great Britain, if June, 1905, said:

"This lavish expenditure by munici-palities has lowered the borrowing power of the nation, and as I have already pointed out, seriously restrict-ed the money available for trade, and the natival result has been a want of the natural result has been a want of employment among the working classes, owing to the scarcity of money for private enterprises. • • • In my judgment individual enterprise and th Judgment individual enterprise and the stimulus of individual interests will always enable private enterprise to work with greater economy than any government or municipality, while the interference of the latter almost always tends to check the progress of discovery and invention."

Description of the progress of the progress of the Pacceller of the Pacceller of the Pacceller of the progress of

municipalities in engaging in the conduct of lines of business which had formerly been carried on by private enterprise. They point out that it has been productive of many evils, such as the elimination of personal initiative and enterprise, evasion of natural laws of commerce, the creation of a favored class of labor—that it has brought corruption into politics, and has practically prevented in many directions any further attempt to engage in private industry.

The president of the Statistical and Social Inquiry Society of Great Britain unhesitatingly declares that in municipal ownership is to be found the true explanation of the notorious inferiority of the British people in electrical matters; and the Lord Chief Justice of Great Britain, in an address delivered in November, 1902, said:

"The defender of municipal trading (and it is a sign of healthy reaction that the system is now at last upon its defense) may be challenged to deny the statement that but for this passing craze for public ownership at any cost, the country would before now have been intersticed with a network of railways and dotted with electric power stations.

• • • For years many towns all over the country prohibited the creetion of electric supply stations, on the admitted ground that it would compete with the effete and debt-burdened municipal gas works, and the same wall of protection and debt-burdened municipal gas works, and the same wall of protection surrounds a considerable number of places to-day."

Increase Municipal Indebtedness.

general result of municipal ownership in England since 1875, has been to increase the municipal indebtedness, and the per capita indebtedness, to an enormous ex-tent, until the borrowing capacity of the municipal corporations of that thickly settled and wealthy country is threat-ened; that the tax rate has within the same period been increased sixty-two per-cent, and that this policy has further resulted in the discouragement of pri-vate enterprise and depression of trade, throwing labor out of employment and causing the withdrawal of enormous values from taxation, the elimination of personal initiative and enterprise, and the prevention of the industrial development of the kingdom, to a degree which has excited the serious alarm of its thought-

ful statesmen.

An examination of the actual results obtained from municipal operation as shown by the reports, is no less discouraging. It should be noted at the outset that both in England and in this country, reports which show an apparent profit in the operation of municipal plants, when carefully examined will disclose an actual loss-a condition which is due to the erroneous and misleading methods of accounting which prevail. In discussing this subject the president of the London Institute of Bankers, in the address already referred to, said

"While tramway or gas plants in many cases will be kept at a high state of efficiency under municipal control, it is often done at the cost of heavy taxes and real deflett in the accounts of the enterprise. This defleit is concealed, or made to present the appearance of a profit, by the difference in accounting by private management and public management. In the case of a tramway, for illustration, under municipal control services tion, under municipal control service is usually charged with expenditures on account of track equipment and operation alone. Under private ownership the reconstruction of pavement, grading of streets, and similar items, have to be paid by the rallways, but in cases of municipal ownership such items are charged to both highway and other departments, and do not appear as a part of the cost of the municipal iramway enterprise." tion, under municipal control service nicipal tramway enterprise.

In the address of Lord Averbury, above referred to, he said:
"In expressing doubt whether the referred to, he said:

"In expressing doubt whether the profit which municipalities claim to have made, has any real existence, I do not for a moment suggest that there is an intentional inaccuracy in their accounts. There is, however, a general impression among experts that the accounts are misleading. In the first place, it is believed that a considerable amount of clerical and accountancy work, and some of the rents of the head office applicable to various undertakings, is in many cases charged to general municipal acount. This work corresponds to what in a company is paid for secretaries, solicitors and accountants and a portion of the rent, and it is obvious that a proper allowance must be made for these items before the real profit is

proper allowance must be made for these items before the real profit is arrived at. In the second place the amount allowed for depreciation seems to be too small." Operated at Actual Loss.

loss of over \$25,000,050 for the 1,029 plants in the year 1902.

Of this list 102 were electrical plants which, according to the municipal reports showed a loss of 11,707 pounds, or approximately \$58,535, while the allowance of depreciation at 71-2 per cent, the rate fixed by the best authorities, and loss of taxes to the municipalities, would increase this deficit to 1,075,057 pounds, or approximately \$5,376,600.

Mr. A. A. Campbell-Swinton, member of the Institute of Civil Engineers of Great Britain in an address before the Industrial Freedom League, in June, 1905, prosents a list of nearly all the electric supply undertakings in the country controlled and operated by municipalities, and finds that 63 out of a total of 170 are being operated at an actual loss, according to their last returns. This result is by their own showing—but he adds that if proper allowance were made for depreciation, and other legitimate charges were made against the plant, the proportion of loss would be very much greater.

It further appears from the reports that for the four years ending

plant, the proportion of loss would be very much greater.

It further appears from the reports that for the four years ending in 1992, a total capital invested by municipalities in England and Wales, of 120,000,000,000) only yielded a profit of about one third of one per cent-according to their own returns—while it appears that only one per cent, upon the capital was set aside for depreciation. Of course if this depreciation fund had been increased to even 5 per cent, which is low, the apparent profit would have been converted into an actual loss of about \$25,000,000.

Only Benefit a Part.

Only Benefit a Part,

These results would be sufficiently statting even if all the people of the municipalities had derived equal benefits fom the heavy expenditures and enormous accumulation of the debt which resulted from the experiment of municipal ownership and operation; but such was not the case. As we have seen, the aggregate alount invested in Great Britialn in municipal electric plants is in round numbers \$125,000,000. The burden of the additional indebtedness and taxes resulting from these investments falls upon the entire community, but the statistics show what is the case everywhere, that only a very small proportion of the people actually use electric light, and benefit from the investment.

Take as an illustration, the municipality of Battersea, with a population of

175,000. This community is frequently cited as a brilliant example of the success of municipal ownership. It has established an electric plant at a cost of 15,000,000 in round numbers, and according to the figures given by Mr. Sidney Morse in the address shofore the Battersen Municipal Alliance, in January, 1905, the operation of this plant shows a loss of \$00,000 per annum. Out of a population of 175,000 (or approximately 35,000 families), there are only 1,150 persons (or 21 families), using electric light. The cost of this plant, an indebtedness of \$1,000,000, the annual loss of \$00,000, and resulting increase in taxes, are therefore, imposed upon the entire community in order that 1,150 persons out of 175,000 (may have electric light furnished by the municipality. The result may be seen in the statistics of the municipality. In 1893 the debt was 37,000 pounds, or approximately \$185,000. In 1904 it had increased to more than \$5,000,000, and the tax rate had increased 80 per cent.

Other municipalities present is imilar conditions. A few may be mentioned. Fulham, with a population of 150,000, established an electric plant at an expenditure of appoximately \$1,000,000, and there are now only 900 customers.

Accrington, with a population of \$30,000, has 400 consumers; Stafford, with a population of 20,825, has 61 customers; Paisley, with a population of \$00,000, has 400 consumers; Stafford, with a population of 20,894, has 195 consumers; Westham, with a population of \$00,000, has 400 consumers; Stafford, with a population of 20,000, has 600 consumers; Stafford, with a population of 20,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers; Stafford, with a population of \$00,000, has 600 consumers;

tistics. If the facts cited do not demonstrate that municipal ownership and operation of enterprises of this character has proven an enormous and unprofitable burden to the people of Great Britain, it at least presents such dangers of exceptional municipal indebtedness and increase of taxation as to indicate the greatest care and the most thorough investigation, as an essential condition precedent to the entrance upon any such experiment.

The Effect in London.

The Effect in London.

A member of Parliament for a section of London recently declared that the position of London rate payers had become critical: that the increasing rates of London were driving away industries by the dozen; and another high authority summarized the objections to the further extension of municipal control as follows. Firstly—The legitimate functions and duties of our municipalities are already enough, if indeed not more than enough, to tax their energies and filt up all their time. Secondly—It will involve an immense increase in municipalities in labor disputes, Fourthly—As there will not be the same stimulus to economy and attention there will be a great probability, not to say certainty, that either of two things will happen; either that there will be a loss, or the service will cost more. Fifthly—It will be a serious check to progress and discovery.

This warning to Great Britain cannot be too carefully heeded by the municipalities of our country. If tr. commercial supremacy of the United Kingdom, lately so firmly established, is being seriously threatened by the enormous increase of municipal indebtedness.

dom, lately so firmly established, is being scriously threatened by the enormous increase of municipal indebtedness, and by the obstacles to private enterprise and development which municipal ownership presents—if industries are being driven from the towns of Great Britain by the resulting increase of taxation—can the cities of the United States, and especially the cities of the South, with their need of capital and enterprise to develop their resources, afford to risk

their need of capital and enterprise to develop their resources, afford to risk such results in order to try the at least doubtful experiment of municipal ownership and control?.

It might be contended that these results in Great Britain were more than oxise; by the cheapness of the municipal light service, but the facts do not bear out such a contention. In London there are thirteen municipal electric light plants and eleven private companies, and plants and eleven private companies, and plants and eleven private companies, and according to their own returns the municipal light service costs 6.21 cents per kilowatt hour, and the private service 7.9 cents per kilowatt hour, but it appears that the municipal plants, as already indicated, omitted many charges which should have been made against the plants themselves; that if they had rade proper charges for depreciation alone, the cost of the municipal service would have cost of the municipal service would been largely increased over that of the private companies which do make such charges. It may be noted that the average cost of service in Richmond is less than 5 cents a kilowatt, as against the figures given.

Higher Than New York.

Owing to the different methods of keep-ing accounts it is difficult to make ac-curate comparisons of the cost of the Operated at Actual Loss.

In illustration of this principle the authority referred to, takes 1,029 municipal theority referred to, takes 1,029 municipal plants, which report a profit of approximately \$1,000,000. The allowance for depreciation in this statement was only one-half of one per cent, on the net increase. If proper allowance for depreciation is made even at the rate of the per capita cost in the per cent, it appears that this profit is loss of over \$25,000,500 for the 1,029 plants l where the service is by municipal plants sixty-six and two-thirds per cent in ex-cess of the cost in New York, where the service is by private plants. A review of the operation of 181 electric

plants in Great Britain, by the Electrical plants in Great Britain, by the Electrical Times, of London, of March 23, 1905, gives the average cost of Service as follows (allowing only about two per cent. for depreciation): In London: In the Provinces:

per kwt. hr.

per kwt. hr. Private supply— 3.45 d. or 6.9c.

3,9 d. or 7.8c. 2.32 d. or 4.64c. 2.184 d. or 4.268c.

As against these figures the present average cost in Richmond is about 3 cents

average cost in Richmond is about 3 cents per kwt. hour for public service, and less than 5 cents per kwt. hour for private service. The results of municipal ownership and operation in England, therefore, may be summarized as follows:

(1) An increase of municipal indebted-

ess of 270 per cent, in thirty years;
(2) An increase in the tax rate of sixty two per cent. in twenty-two years-no considering the great increase in valua

(3) An actual loss in operation, in more than one-half of the plants, according to their own showing; and an aggregate loss on all electric light plants taken to-

(4) The withdrawal from taxation o (4) The windrawal large amounts of property formerly sub-ject to tax, and a resulting increase of the burdens of the remaining taxpayers, In the case of electrical plants a heavy increase in debt and taxation, with only a small proportion of the people con-

(5) Serious injury to the industrial in

suiting local development,

(6) A cost of electric service higher than
that in Richmond under existing condi-The Results in France.

The principle of State and municipal monoply has been carried to great extremes in France, and the results, 20-

cording to recent reports, have been found to be very unsatisfactory. Not only do travelors in France, but the French authorities themselves point out the very unsatisfactory results upon enterprise and upon the character of the service rendered, which have come from the municipal or State control of the telephone and other similar public service. I have recently received the translation of a long article from the La Temps, a leading newspaper published in Paris, bitterly opposing a movement to establish municipal ownership of lighting plants, upon the ground that municipal and State monopolies have proven wholly unsatisfactory in the service rendered, and expensive to the public at large. Time will not permit me to go into a more detailed discussion of the conditions existing there. The Results of Municipal Owner-

ship in the United States.

In calling attention to the results which have been obtained in England and other foreign countries, we are met with the reply that the conditions are different in the United States. This is undoubtedly true, but the difference tends rather against than in favor of municipal ownership. In the first place, the whole theory of our government is opposed to public ownership and operation of such enterprises, although support for such principle may be found in the paternal institutions of foreign countries. In the second place, the local organizations and conditions are not so favorable to the success of such enterprises. An advocate of municipal ownership, of worldwide reputation, Mr. Dalrymple, of Glasgow, was recently induced to go to Chicaso and speak upon the subject in a municipal campaign, then in progress, ship in the United States. gow, was recently much to subject in a municipal campaign then in progress, in which the question of municipal ownership of the street railways was in issue. He came to this country and after an investigation of a few weeks is reported to have stated that, although in his judgment, municipal ownership in Glasgow had proved a great success, he did not believe that the conditions in this country were favorable to such an undertaking.

A careful study of the results which have been obtained in those cities where municipal ownership and operation of electric light plants has been undertaken in this country will, it is believed, present a strong argument against such undertakings.

sent a strong argument against such undertakings.

At the outset, however, I would call attention to the fact that in the examination of reports of municipal plants in this country, it must be borne in mind that any enterprise may be made to appear profitable, on paper. Before the experience of any community is accepted, therefore, an analysis of the reports should be made to see whether all proper charges against the enterprise have been should be made to see whether all proper charges against the enterprise have been made in arriving at the apparent profit. With the one possible exception of the State of Massachusetts, I think I am safe in saying that not a single report sent out by municipal enterprises in this country embraces all the charges which should be, and must be made against the plant before the question of its success or failure can be properly determined. Even in Massachusetts the item of jost taxes is not included.

of lost taxes is not included.

A good illustration of this is found in the experience of Chicago. The city of Chicago has for several years been engaged in operating its municipal light plant. The experiment is the largest which has been made in this country, and is frequently mentioned as a great success. It is claimed by the city that it is producing electrical light at the following cess. It is claimed by the city that it is producing electrical light at the following

nones compound	4,04	4.70	1.10	.31
Operating labor	32.50	23.72	18.88	19.29
Repairs to build-		DESCRIPTION OF THE PARTY OF THE		Balant
ing and equip-				
ment	7.73	4.93	3.85	4.06
Rent	1.74	1.46	.86	.65
Circuits	.37	1.27	2.38	1.53
Conduits	.50	.96	1.33	1.15
Lamps	2.37	2.73	3.69	3.90
Globes	.09	.39	.71	.50
Carbons	4.46	2.74	3.51	4.81
Posts	.14	.46	.10	.11
Teams	.84	.68	.32	.23
Repair shop	1.97	.19		
Miscellaneous	.43	.03	.88	1.19
Office salaries	3.64	2.91	1.81	1.35

Total maintenance and operation....\$778.81 \$62.60 \$54.44 \$62.00 TABLE II: ITEMS INCLUDED BY THE ACCOUNTANTS.

 
 Estimated

 charges:
 1897.
 1898.
 1899.
 1900.

 Water.
 \$ 6.79
 \$ 8.23
 \$ 5.42
 \$ 4.14

 Taxes.
 4.52
 4.42
 4.33
 4.81

 Insurance
 .25
 .25
 .17
 .15

 Interest.
 22.74
 .22.89
 15.81
 13.60

 Dopreciation
 25.00
 25.42
 17.69
 16.19
 Total estimated

Grand total. \$133.11 \$123.81 \$07.86 \$99.85

From an analysis of this statement, it will seem that the actual cost per arc lamp, instead of being \$78.81, as reported in 1897, was \$133.11. In 1898, instead of being \$62.00, as reported, it was \$123.81, in 1899, instead of being \$62.00, instead of being \$54.44 as reported, it was \$123.81, in 1899, instead of being \$54.44 as reported, it was \$123.81, in 1899, instead of being \$54.44 as reported, it was \$123.81, in 1890, instead of being \$54.00 as reported, it was \$123.81, in 1890, instead of charging the \$52.00 as reported, it was \$123.81, in 1890, instead of being \$54.44 as reported, it was \$123.87, in the cost of the street of pering and repairing streets for underground york to the electic light plant, it had been charged to the street department, which was obviously improper, and would, if properly charged, have further increased the costs. After adding proper charges from 1883 to 1900, inclusive, was \$2,555,533.61, while the same service would have been furnished by the private companies at prevailing trates.

for \$2.507.110.50—or a loss of \$50,000 to the city for its own plant.

The full report upon this plant will be found exceedingly instructive, but the figures above given are sufficient to demonstrate that the reports circulated are ontirely erroneous, and that the cost per are lamp as furnished by the municipal service is in excess of that usually charged by private corporations for the same service.

Reports from other municipalities will be found upon examination to be equally imperfect and misleading. In almost all cases they fall to charge to the lighting plant a proper portion of the general

figures above given are sufficient to demonstrate that the reports circulated are nontrely erroneous, and that the cost per are lamp as furnished by the municipal ve service is in excess of that usually charged by private corporations for the same service.

Reports from other municipalities will be found upon examination to be equally imperfect and misleading. In almost all cases they fall to charge to the lighting plant a proper portion of the general administraton expenses of the city; they fall to make proper allowance for depreciation, and in no case so far as I have found, have they made allowance for taxes lost—which is clearly a cost upon the municipality.

Michigan's Experience.

Another illustration may be found in the case of the municipal plant at Bay City, Mich. The report for 1002-'01 shows cost per arc lamp, with interest and decorated in the control of the cost of light in 2 cities of similar size scattered throughout the country, and the result will be shown by the following statements.

COST OF POWER BY CONT	OF B	NGHAM	PTON	N. Y.	COMMITTIE		illeria lenzi
	opula-	No. of	Amp.	Hours per	per price	per pe	Cost to
	tion.		lamp.	year.	ton, lamp	\$ 70 00	.018
Augusta		350	9.6	4,000	W. Power	83.95	.021
Binghamptoi	40,000	370	6.6	4,000	\$2.23	132.00	.033
Butte	45,000	158	6.6	4,000	3,75	127.75	.033
Christian, Mass	45,000	322	9.6	3,850	4,25		022
Chester	40,000	196	9.6	3,850	2.70	84.00	.023
Chattanooga	40,000	209	9.6	4,000	1.55	87.00	
			TEST OF THE PARTY OF		FERDINA .	82.50	.035
Canton	40,000	262	9.6	2,361	1.0814	52.50	.022
Dubuque	45,000	371	0.6	2,500	2.15	64.75	.026
Elmira	40,000	355	6.6	4,000	2,25	80.30	.02
Fort Wayne	50,000	321	9.6	3,000	2.45	100.00	.033
Holyoko		260	6.6	4,000	4.05	100.00	.025
Johnstown		/ 245	6.6	4,000	1.10	75.00	, .019
Knoxville	50,000	292	9.6	4,000	1.25	80.00	.02
Lancaster	47,000	308	9.6	4,380	W. Power	70.00	.016
Ixtiicaster/		52	1000	A Second		11400	
Malden		248		1.385		73.68	.053
		208	9.6	4,000	3.15	88.00	.022
		527	9.6	4.000	1.40	59.00	.015
Peorla	\$100 E-100 CO (100 E-100 E	200	9.6	4.000	1.75	105.00	.020
Pueblo		350	9.6	2,600	1.60	60.00	.023
Quincy				4,000		90.00	
	40.000	274	9.6	1.825	2.50	62.50	.023
South Bend	50,000	100	6.6	3.200	2.00	75.00	.023
Sloux City		379	6.6	4,300	.99	75.00	.017
Terre Haute		218	9.6	4.000	2.10	74.50	.013
Williamsport		324	6.6	4.000		110.50	.028
Yonkers	48,000	021	0.0	1,000			
Average		••••	•••	••••		• • • • • • • • • • • • • • • • • • • •	.025
	05.000		-	4 000	2.90	54.75	01367
Richmond, Va	85,000	656	6.6	4,000	2.90		-,01407
	THE REAL PROPERTY.						

preciation, \$69.41 per annum. An investigation of this report published at length in the Michigan Investor, of April 1, 1905, shows the actual cost per are lamp, per year, to be \$90.38. It was found that the municipal report had omitted charges for the following Items:

the following items:

(1) 40,000 cubic feet of water, or 10,000 gallons a day.

(2) Lost taxes.

(3) Insurance.

In connection with this statement is should be noted that the cost per are lamp in Richmond is only \$54.75, and the cost per are lamp hour is only \$01367-which is less than in any of the cities which they investigated. Cost in Fourteen Cities.

They then ascertained the cost of light-ing in 14 cities owning and operating municipal plants, which will be shown by the following statement:

COST OF LIGHTING BY MUNICIPAL PLANTS. FROM REPORT OF COMMITTEE OF COUNCIL, BINGHAMPTON, N. Y. Alleghany, Pa. 133,000
Aurora, Ill. 23,000
Bay City, Mich. 44,000
Bloomington, Ill. 20,000
Bangor, Me. 22,000
Chicago, Ill. 2,000,000
Decatur, Ill. 25,000
Easton, Pa. 25,000
Ft. Worth, Texas 40,000 158,242 Average .....

Ricfimond, Va. ..... 85,000 (4) Sufficient allowance for deprecia-

loss in transmission, and other control to such a system, is valueless and misleading.

New York's Investigation.

The question of municipal ownership of a lighting plant has been agitated in The question of municipal ownership of a lighting plant has been agitated in New York for several years past. A report was first made in May 1993, by an engineer appointed for the purpose, and was entirely favorable to the plan, but was not acted upon. The present administration last winter appointed three engineers to take the matter up again and report upon the practicability and desirability of establishing a municipal plant. The commission reported that the city could operate a plant at a cost, for 7.5 ampere alternating current lamps, burning 4,000 hours a year (which are the conditions recommended by Mr. Trafford), of \$87.35 per are light per annum. The report, however, failed to take into consideration:

(1) Interest on the real estate invest-

ment.
(2) lost taxes.
(3) Cost of subway installation.
And when these items are considered, it appears that the actual cost per are lamp will be about \$140 per annum, instead of \$97.35, as shown by the figures tree but the comprises.

ties which were investigated, from .0152 to .0364, the cost to the city of Richmond

ites which were investigated, from .0152 to .034, the cost to the city of Richmond is only .01367. Some of the conclusions of the committee were summarized in the report as follows:

1. That taking the results in other cities, both under contract and city ownership, and comparing with the cost in this city, it is impossible to expect public ownership in Binghampton to result in a saving of sufficient magnitude, if indeed any saving could be made to warrant the city in assuming the risk on the large additional bonded indebtedness required.

2. That inventive progress may render machinery obsolete a short time after installation.

3. That the city's liability under the State law for injury to, and death of employees and the general public. Fonstitutes a serious objection to city ownership.

4. That trunk sewers, affecting as they do the health of the citizens, should have precedence in the matter of bonding.

5. That the city water works can not be taken as a criterion by which to judge of the results of an electric light plant.

6. In view of the foregoing your

to judge of the results of an electric light plant. 6. In view of the foregoing your committee is constrained to report

that the present time is not advisable for the city to undertake the owner-ship and operation of an electric light plant."

After this careful investigation, a

contract was renewed with the local company on the basis of 83,95 per lamp, per year, for 6.6 amp, lamps operating 4.00 hours—the same lamps as in Rich-

DULUTH'S INVESTIGATION.

DULUTH'S INVESTIGATION.

A special committee from the Commercial Club of Duluth, Minn. recently made an investigation of the subject. They reported a list of 47 cities of over 50,000 inhabitants and in every case the rate was in excess of the rate in Richmond, the average being \$83.9 per amp, as against \$34.75 in Richmond. The average of the reports of 25 municipal plants was \$85.90 per lamp, against a present contract rate of \$34.75 in Richmond. The proposition was rejected in Duluth.

A brief reference to the experience of municipal plants in the State of Massachusetts will conclude my discussion of this branch of the subject.

In Massachusetts the State law re-

sacusotts will control of this branch of the subject.

In Massachusetts the State law requires the accounts of municipal lightiants to be thoroughly kept on a uniform plan, and the results are published each year in the official report of the Hoard of Gas and Electric Light Commissioners of the State, which report for the year 1904 I have before me. From this report it appears that there are it municipal electric light plants being operated in the State of Massachusetts, and it is a significant fact that during the year 1904 none of the 151 towns and cities in that State established a municipal lighting plant, thus indicating that

\$10 to \$300.

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